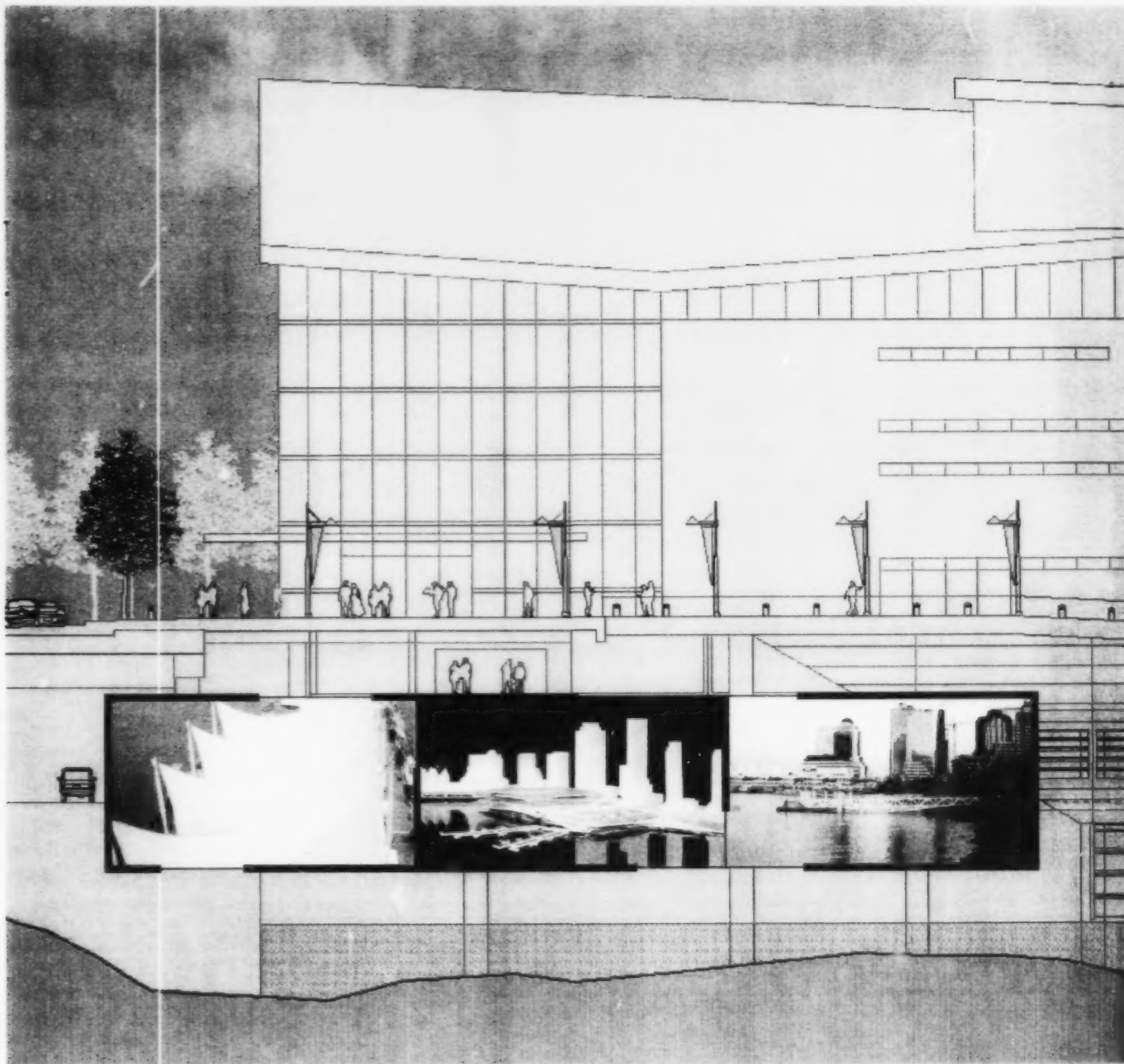
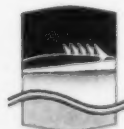




ANNUAL SERVICE PLAN REPORT
2004/2005

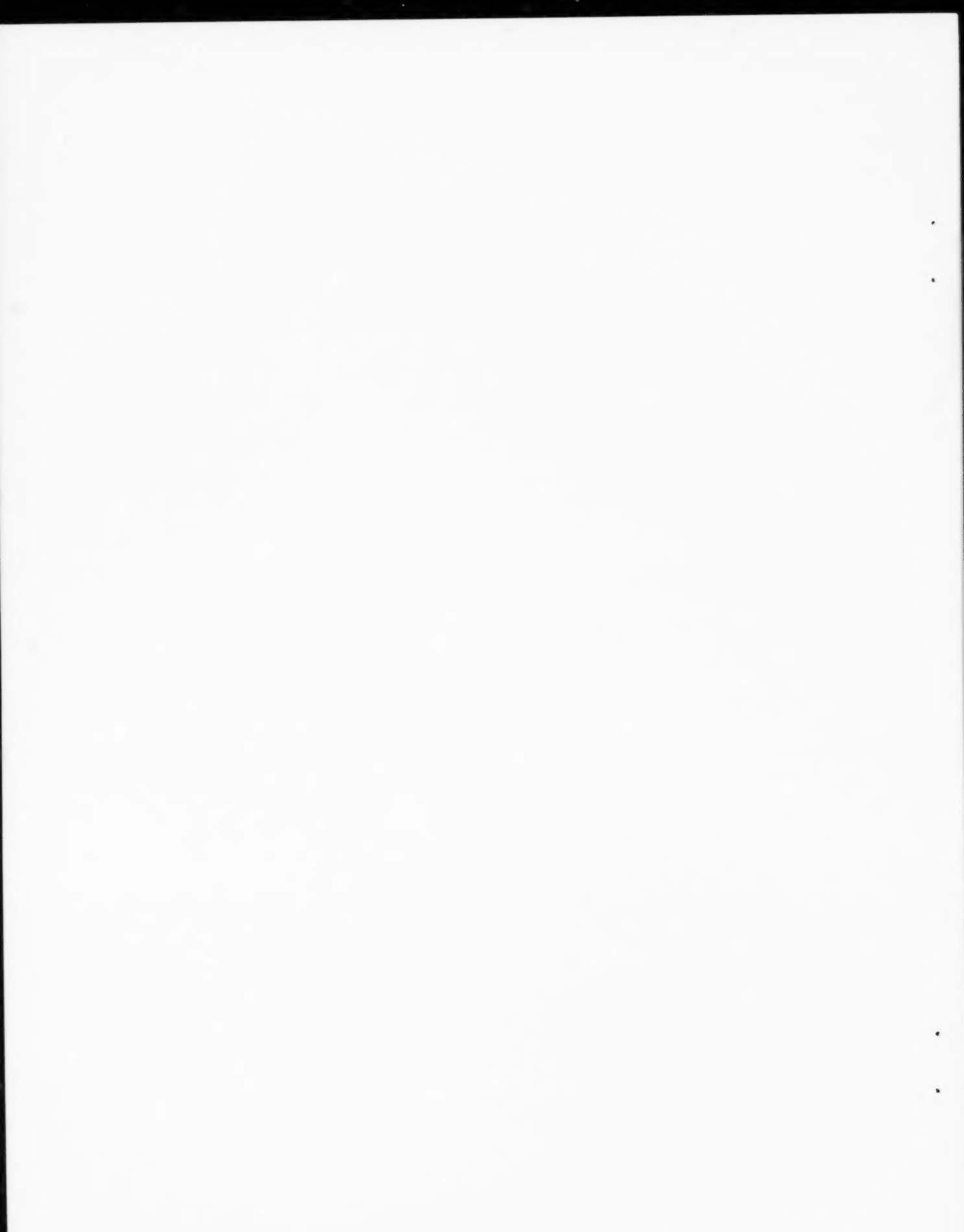
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PROJECT

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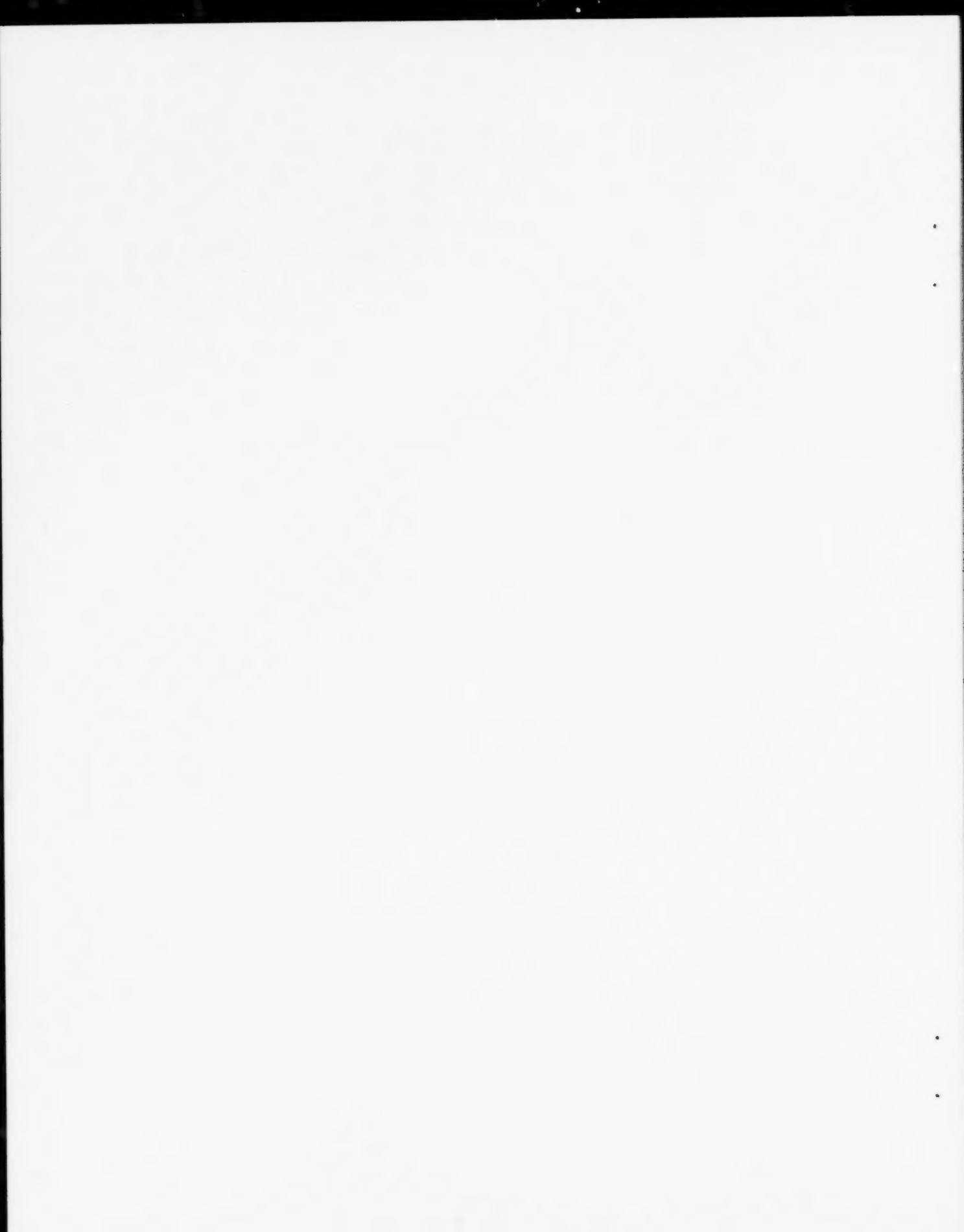


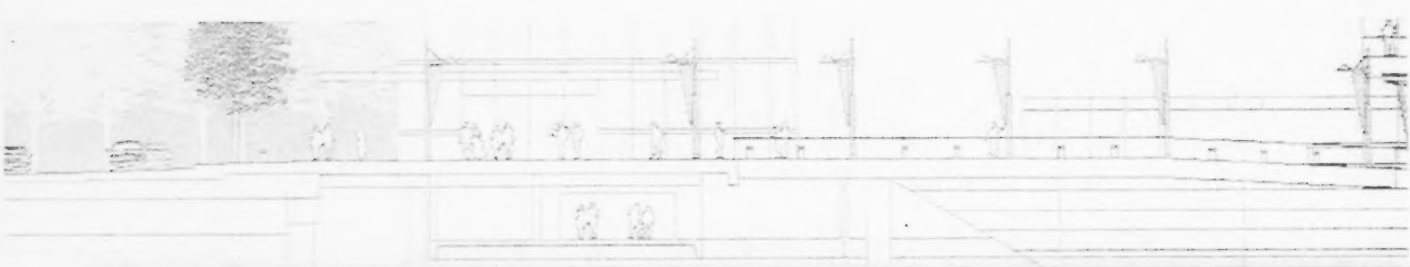


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MESSAGE FROM THE CHAIR TO MINISTER RESPONSIBLE

To the Minister of Small Business and Economic Development

On behalf of the Board of Directors of the Vancouver Convention Centre Expansion Project Ltd. (VCCEP), I am pleased to present the 2004/05 Annual Service Plan Report.

The expansion of the Vancouver Convention Centre is well underway. Significant activity is evident along the waterfront and construction officially began following the ground breaking ceremony on November 8, 2004.

VCCEP has made considerable progress over the past year. Highlights include the completion of multi-year contribution agreements with the capital funding partners; completion of a comprehensive Project Implementation Plan; approval from the shareholder to proceed with construction; approval from the Provincial Environmental Assessment Office for our combined Federal/Provincial Environmental Assessment application; completion of the schematic design and the start of construction. Pile driving for the expansion facility began in March 2005, with completion expected in 2005/06.

As of March 31, 2005, there were two variations from VCCEP's 2005/06 – 2007/08 service plan – the addition of an incremental sustainability initiative funded by the Government of Canada (Western Diversification) and an agreement to construct an underground parking lot below Thurlow Plaza funded by the City of Vancouver.

In early 2005/06, VCCEP will complete its design development that incorporates several enhancements arising out of the City of Vancouver approval process, including public amenities, building envelope profiling, additional commercial/retail opportunities and facilitation of the City's waterfront development master plan. This revised scope will also address schedule and budget impacts, additional construction costs that have been experienced as a result of unforeseen underground site conditions and cost pressures that exist throughout the construction industry. A revised scope will be presented for approval incorporating these changes as well as additional revenue opportunities. VCCEP has now applied to the City of Vancouver for its Complete Development Permit.

I was pleased to welcome new outside Directors Terry Lyons and Grant Ritchie to the Board. VCCEP has been well served by their dedication, experience and wise counsel.

Accountability Statement

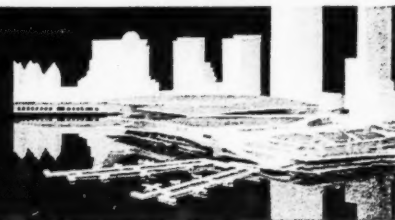
The 2004/05 VCCEP Annual Service Plan Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act. I am accountable for the contents of the report, including the selection of performance measures and how the results have been reported. The information presented reflects the actual performance of VCCEP for the twelve months ended March 31, 2005. All significant decisions, events and identified risks, as of March 31, 2005, have been considered in preparing the report.

The information presented is prepared in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our service plan.



Ken Dobell, Chair
Board of Directors

ORGANIZATION OVERVIEW



VISION

Create a unique waterfront experience for visitors and citizens alike and thereby enhance Vancouver's position as a global destination in the convention centre market.

MISSION

To design, construct and commission a world class expansion of Vancouver's existing Canada Place convention and exhibition facility.

OVERVIEW

Vancouver Convention Centre Expansion Project Ltd. (VCCEP) is a special purpose project-specific provincially held company incorporated under the British Columbia Company Act on February 13, 2003.

VCCEP's mandate is to design, construct and commission an expansion to the existing Vancouver Convention and Exhibition Centre including:

- Construction of new facilities on the Burrard Landing Site, west of Canada Place;
- Renovation of existing leased facilities within Canada Place; and
- Linking of the two sites to form an integrated convention and exhibition centre.

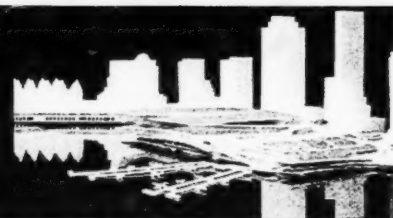
In June 2004 the shareholder approved a Project budget of \$565.0 million with confirmed contributions from the Province of BC (\$222.5 million); Government of Canada (\$222.5 million); and Tourism Vancouver (\$90.0 million). The balance of the Project's current budget is to be made up through a \$30.0 million Revenue Generation program. VCCEP is completing its design development of an enhanced facility in order to gain City of Vancouver approval and will be taking a revised scope, schedule, budget and revenue generating plan forward for approval in early 2005/06.

The Expansion Project is scheduled for completion by Fall 2008. The existing facility will then undergo modifications and the entire facility will be made available as the international broadcast and media centre for the 2010 Olympics.

VCCEP's financial management is governed by the *Financial Administration Act*. VCCEP also acts in accordance with the *Financial Information Act*, *Budget Transparency and Accountability Act* and the *Capital Asset Management Framework Guidelines* issued by the Ministry of Finance.



REPORT ON PERFORMANCE



VCCEP's Service Plan for 2004/05 – 2006/07 was completed during the preparation of the Project's budget, scope and schedule. Specific performance measures and benchmarks for the corporation's core

business objectives were established in conjunction with the finalization of the Project's budget, scope, and schedule. These were outlined in VCCEP's Service Plan for 2005/06 – 2007/08.

GOAL #1

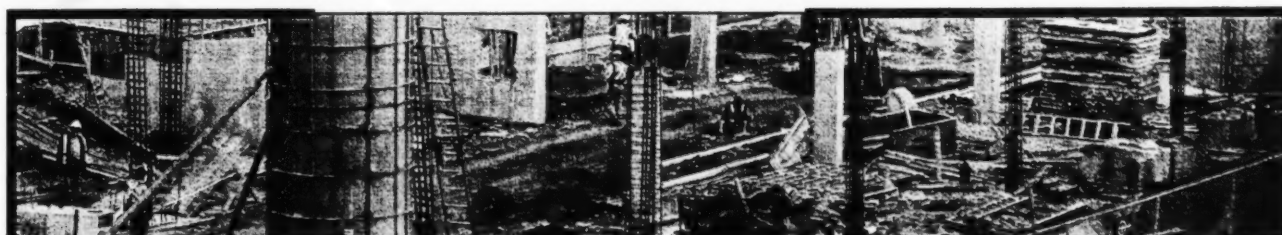
To design, build and commission an expansion to the existing Vancouver Convention and Exhibition Centre (the Expansion Project) and to design and construct a connector between the new and existing facilities and to undertake renovations within Canada Place (together the Integration Program).

MEASURES	RESULTS		TARGETS			
	2003/04	2004/05	2004/05	2005/06	2006/07	2007/08
Meet schedule, budget and quality objectives	Project Commenced	Set targets for budget, schedule and quality objectives Commenced foundation construction, pile driving, design development and Canada Way viaduct	Set and meet targets for budget, schedule and quality objectives	Update targets and meet budget, schedule and quality objectives	Meet budget, schedule and quality objectives	Meet budget, schedule and quality objectives

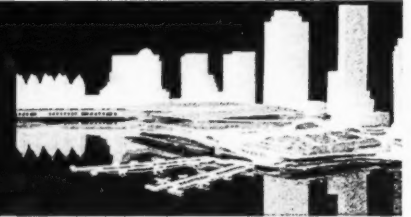
GOAL #2

To effectively manage the Project budget, schedule, and related activities to ensure timely delivery of the Project within its established budget

MEASURES	RESULTS		TARGETS			
	2003/04	2004/05	2004/05	2005/06	2006/07	2007/08
Follow the Province's Board Resourcing and Development Office (BRDO) newly established guidelines to ensure consistent corporate governance standards for BC's public sector organizations. Fulfill the disclosure requirements set out in the guidelines beginning with its 2004/05 Annual Service Plan Report.	Project Commenced	Identified and met disclosure requirements (results of Board evaluation to be published in Summer 2005) As part of its oversight responsibilities, the Board of Directors undertook monthly reviews of budget and schedule External auditors provided quarterly financial reviews and annual financial audit. Established project and quality management procedures (Project Implementation Plan and Project Procedures Manual)	Set and meet targets for budget, schedule and quality objectives	Meet disclosure requirements	Meet disclosure requirements	Meet disclosure requirements



REPORT ON PERFORMANCE



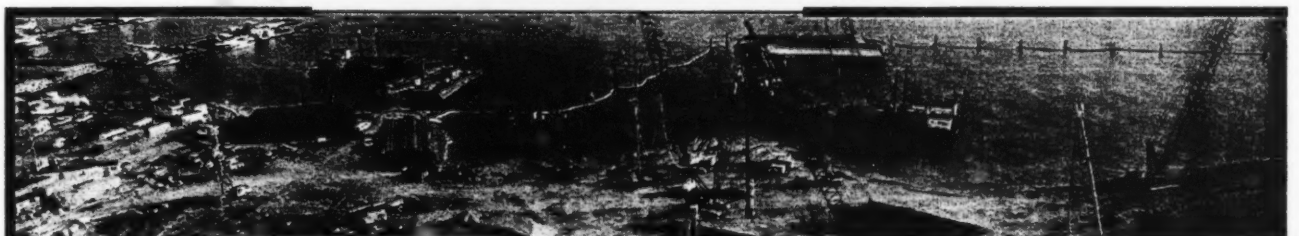
GOAL #3

Implement and manage an effective revenue generation program to meet the Project's budget requirements.

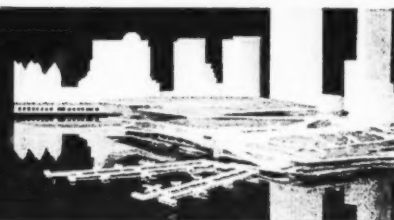
MEASURES	RESULTS		TARGETS			
	2003/04	2004/05	2004/05	2005/06	2006/07	2007/08
Identify potential sources of revenue and initiate agreements for the creation of business alliances.	Project Commenced	Contracted Revenue Generation specialists	Identify potential sources of revenue	Negotiate agreements for the creation of business alliances	Monitor compliance	Monitor compliance
		Identified potential sources of revenue Initiated discussions with potential business alliances				

In fiscal 2005/06, VCCEP will take a revised scope forward to its shareholder for approval that will incorporate the several enhancements that VCCEP has incorporated into its design arising out of the City of Vancouver approval process, including public amenities, building envelope profiling, additional commercial/retail opportunities and facilitation of the City's waterfront development master plan. This enhanced design also incorporates enhanced sustainability initiatives including a water management showcase.

If approved, the revised scope will be reflected in VCCEP's Service Plan for 2006/07 – 2008/09 and its 2005/06 Annual Service Plan Report.



CORPORATE GOVERNANCE



ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

VCCEP's strategies are consistent with and support the government's strategic priorities. VCCEP is an integral part of the government's plan to promote economic growth and revitalize the British Columbia economy.

MINISTER RESPONSIBLE

Honourable John Les,
Minister of Small Business and Economic Development

BOARD OF DIRECTORS

VCCEP is governed by a five-member Board of Directors appointed by the shareholder.

The Board is currently comprised of:

- Ken Dobell (Chair) – Deputy Minister to the Premier and Cabinet Secretary
- Paul Taylor (Chair, Audit Committee) – President and CEO, ICBC
- Andrew Wilkinson – Deputy Minister, Ministry of Small Business and Economic Development
- Grant Ritchie – Retired, former Senior Vice President, UMA Engineering Ltd.
- Terry A. Lyons, – Chairman, Northgate Minerals Corporation

Andrew Wilkinson, Grant Ritchie and Terry A. Lyons joined the Board in December 2004, replacing Donald Leitch (former Deputy Minister Responsible for Securities, Deregulation and Special Projects) and Russell J. Anthony (President and Project Director). Mr. Anthony's removal was in compliance with the Board Resourcing and Development Office's Best Practices suggesting Presidents of crown owned companies not sit on Boards.

Comprehensive biographies of the Board Members are published on the VCCEP website (www.vccep.bc.ca).

Due to the extent of institutional control that the provincial

government, as shareholder, holds, the Board has a lesser degree of autonomy and flexibility than is traditionally found in a company incorporated under the laws of British Columbia. VCCEP has a clear understanding of the roles and responsibilities of the Shareholder and Minister Responsible.

The activities of the Board are guided by the VCCEP Board of Directors Charter. The Charter is available on the VCCEP website.

The Board Chair, President and Corporate Secretary ensure that the Board encourages new Directors to participate and be effective as soon as possible. The President and Corporate Secretary provide new Directors with a reference guide "VCCEP Board of Directors Guidebook" and a personal project briefing. VCCEP also provides ongoing education for Directors with respect to the organization, its sector and corporate governance. Directors are encouraged to attend education opportunities in the areas of organization and corporate governance. The Project Team conducts briefings or Board presentations on a regular basis.

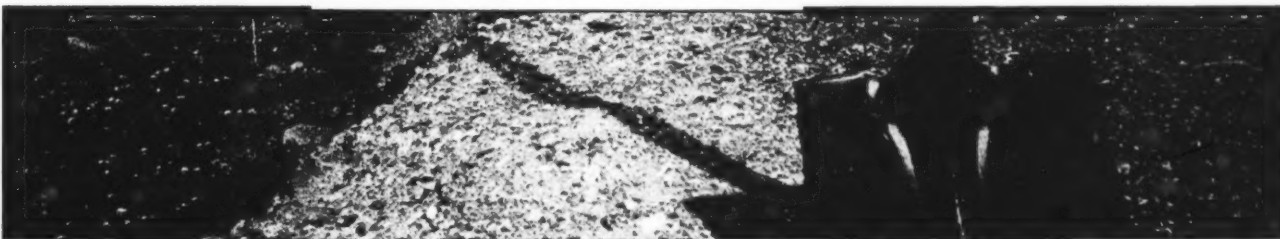
VCCEP's Directors are encouraged to meet together, without management present, at every Board and committee meeting. An 'In Camera' section is included on all agendas as a standing agenda item.

COMMITTEES

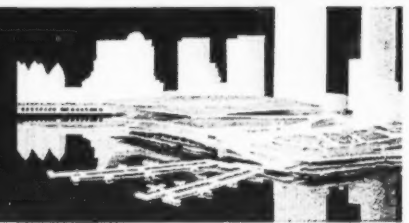
Due to VCCEP's specific purpose and time limited mandate, and due to the composition of the VCCEP Board, the Board formed two committees to assist it in fulfilling its governance responsibilities:

- Audit Committee
- Committee of the Whole

The Audit Committee, comprised of two Directors – Paul Taylor (Chair) and Terry Lyons, deals with Audit and Financial related matters. The Committee of the Whole is comprised of all Directors and deals with Governance, Performance, Human Resources and Compensation. Charters for both committees are available on the VCCEP website.



CORPORATE GOVERNANCE



BOARD PERFORMANCE AND ATTENDANCE

The Board has established criteria to assess the performance of the Board and each committee against their respective charters; the Chair against the Chair's position description; and Individual Directors against the Director's Charter of Expectations on an annual basis. A summary of the results of the assessment process will be posted on the VCCEP website in Summer 2005.

The VCCEP Directors are required to attend at least two thirds of Board meetings each fiscal year. Of the eleven Board meetings held in fiscal 2004/05, the attendance was:

Board of Directors

Ken Dobell (Chair)	100%
Russell J. Anthony ¹	100%
Donald Leitch ¹	100%
Terry Lyons ²	100%
Grant Ritchie ²	90%
Paul Taylor	90%
Andrew Wilkinson ²	100%

Audit Committee

Paul Taylor (Chair)	100%
Donald Leitch 1	100%
Terry Lyons 2	100%

Committee of the Whole

The Committee of the Whole, that was established on February 17, 2005, did not meet in Fiscal 2004/05.

BOARD REMUNERATION

Compensation of Directors is governed by Treasury Board guidelines. VCCEP Officers, public servants and employees of Provincial government agencies serving on the Board are not eligible for compensation from VCCEP other than expenses for their Board activities.

VCCEP external Directors are paid an annual fee of \$7,500 and a per diem of \$500 for each Board or committee meeting attended. External Directors attending regular meetings of the Board are also entitled to receive an additional per diem in the amount of \$500 in recognition of preparation and travel time. This does not apply to meetings of committees of the Board.

Two directors received remuneration in fiscal 2004/05:

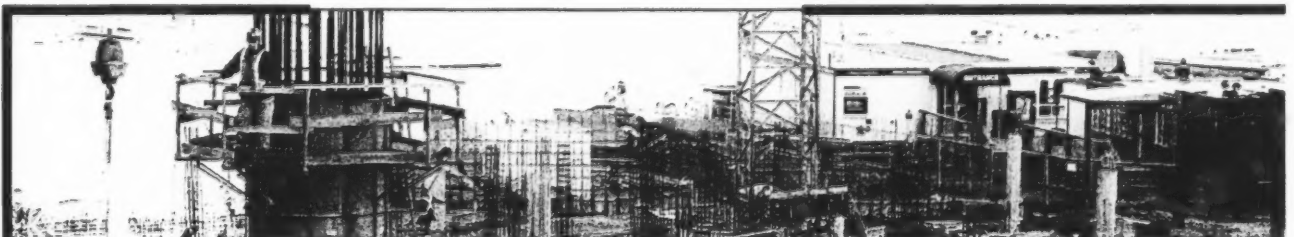
	Annual Fee ¹	Per Diem ²	Total
Terry Lyons	1,875	5,000	6,875
Grant Ritchie	1,875	5,000	6,875

¹ Pro-rated for one quarter

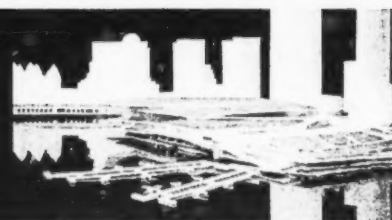
² Five meetings and five preparation days for the period December 2004 - March 2005

¹ April 2004 - November 2004

² December 2004 - March 2005



CORPORATE GOVERNANCE



ETHICS ADVISOR

Carol Roberts (LLM, C.Arb.) provides Ethics Advice to the VCCEP Board of Directors, Project Team and contractors.

CODE OF CONDUCT

The Board of Directors and Project Team are guided by VCCEP's Code of Conduct (posted on the VCCEP website). On an annual basis, Directors and Senior Project Team members submit Code of Conduct disclosures to the Ethics Advisor who reviews the disclosures and provides the Board with an annual report.

EXECUTIVE GROUP

VCCEP is led by a team of executives with extensive experience in planning, designing and building major projects within Canada. The executive group includes:

- Russell J. Anthony – President and Project Director¹
- Colin E. Smith – Chief Financial Officer and Corporate Secretary¹
- David N. Walker – Project Manager
- Krista Freeman, Project Controller¹
- Margaret McInnes – Assistant Corporate Secretary¹

The Board of Directors has established a formal process to evaluate the President's and Corporate Secretary's performance on an annual basis in conjunction with the annual filing of the VCCEP Annual Service Plan Report. A summary of the process along with position descriptions for both positions will be posted on the VCCEP website.

PROJECT TEAM

The VCCEP Project Team is comprised of project management personnel from Stantec Consulting and other consultants and contract employees seconded from Rapid Transit Project 2000 Ltd., a provincially owned company responsible for the design and construction of the Millennium Line SkyTrain expansion. A complete list of Project Team members is posted on the VCCEP website.

¹ Company Officers

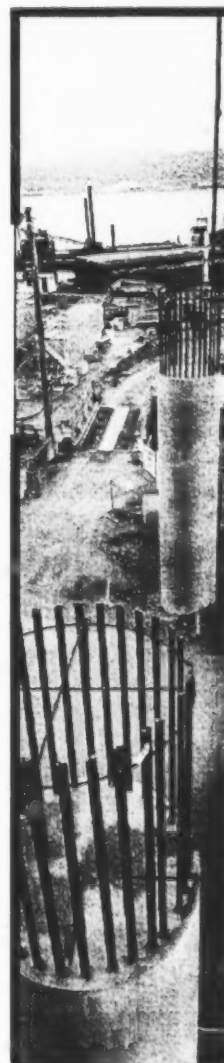
CONTACT INFORMATION

19th Floor – 999 West Hastings Street
Vancouver, British Columbia V6C 2W2

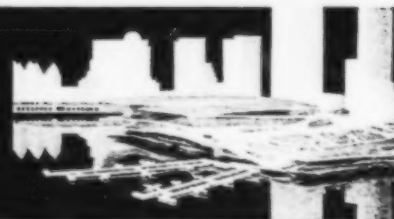
Tel: 604 484 5200

Fax: 604 484 5201

www.vccep.bc.ca



FINANCIAL REPORT



Management Discussion and Analysis

The currently approved capital cost of construction of the Project totals \$565.0 million and is to be funded by the Province of BC (\$222.5 million of its \$230 million commitment), Government of Canada (\$222.5 million), Tourism Vancouver (\$90.0 million) and VCCEP Revenue Generation (\$30.0 million). The allocation of this funding to VCCEP's discrete projects (expansion facility, connector and upgrades) is shown in Table 1 below.

The Province of British Columbia's and Tourism Vancouver's share of the total program is being advanced from the voted appropriations of the Ministry of Small Business and Economic Development in fiscal years 2003/04 through 2006/07.

In addition, VCCEP has contracted with the City of Vancouver to construct a parking structure beneath its western slope transition area. The City has contributed \$4.1 million for this structure's construction; VCCEP has reallocated the balance required of \$1.9 million from Expansion Project funds previously budgeted for the transition area. VCCEP has also concluded an agreement with Western Economic Diversification Canada for purchase and installation of water management showcase systems (incremental sustainability initiatives). In total, at the end of March, 2005, VCCEP was forecasting that it would expend \$571.2 million inclusive of the following:

TABLE 1: ALLOCATION OF PROJECT FUNDING

Project (Source of Funds)	Budget	Forecast at Completion	Variance
Expansion Project (All Funding Partners)	525.0	525.0	0.0
Connector (Gov't of Canada)	20.0	20.0	0.0
Upgrades to existing facility (Province of BC)	20.0	20.0	0.0
	565.0	565.0	0.0
<i>Ancillary Projects Funded by Others:</i>			
Western Shell (City of Vancouver)	4.1	4.1	0.0
Incremental Sustainability Initiatives (Gov't of Canada)	2.1	2.1	0.0
Total Projects	571.2	571.2	0.0

Project commitments to March 31, 2005 totaled \$193.4 million. Total incurred costs to date equal \$103.5 million.

As noted in the Report on Performance, VCCEP intends to take a revised scope forward to its shareholder for approval in fiscal 2005/06. This request will incorporate the several enhancements that VCCEP has incorporated into its design in order to gain City of Vancouver approval including public amenities, building envelope profiling, additional commercial/retail opportunities and facilitation of the City's waterfront development master plan.

This revised scope will also address schedule and budget impacts for the design enhancements and additional construction costs that have been experienced as a result of unforeseen underground

obstructions, soils remediation and procurement escalation general in the industry at this time, as well as additional revenue opportunities arising out of design changes.

FINANCIAL STATEMENTS

Annual financial statements to March 31, 2005, as audited by the Office of the Auditor General of British Columbia ("OAG"), are appended. The OAG has also been approved to conduct audits and reviews required under the Government of Canada Funding Agreement.



Vancouver Convention Centre Expansion Project Ltd.
Financial Statements
Year ended March 31, 2005

Vancouver Convention Centre Expansion Project Ltd.

Statement of Management Responsibility

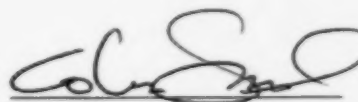
Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *Vancouver Convention Centre Expansion Project Ltd.* These statements present fairly the financial position of the Company as at March 31, 2005 and results of its operations and cash flows for the year ended March 31, 2005.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his work on the financial statements of *Vancouver Convention Centre Expansion Project Ltd.*



Ken Dobell
Chair



Colin Smith
Corporate Secretary &
Chief Financial Officer

Victoria, British Columbia
May 6, 2005



Report of the Auditor General of British Columbia

To the Members of the Board of Directors
of *Vancouver Convention Centre Expansion Project Ltd.*, and

To the Minister of Small Business and Economic Development,
Province of British Columbia

I have audited the balance sheet of *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2005 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
May 6, 2005

Wayne Strelieff, FCA
Auditor General

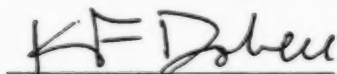
Vancouver Convention Centre Expansion Project Ltd.

Balance Sheet

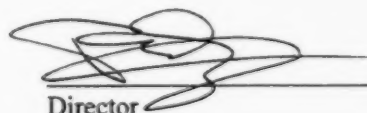
(in \$000s)

March 31	2005	2004
Assets		
Cash (Note 3)	8,678	1,040
Short term investments (Note 5)	46,244	22,999
Accounts receivable (Note 6)	2,056	441
Due from Government of Canada (Note 7)	24,634	11,848
Prepays	10	11
	81,622	36,339
Long term investments (Note 5)	19,869	-
Capital assets (Note 8)	103,531	55,645
	205,022	91,984
Liabilities		
Accounts payable (Note 9)	10,749	12,359
Deferred revenue	2	6
Deferred contribution - City of Vancouver (Note 10)	3,670	-
	14,421	12,365
Shareholder's equity		
Share capital (Note 11)	-	-
Contributed surplus (Note 12)	189,439	78,848
Retained earnings	1,162	771
	190,601	79,619
	205,022	91,984
Commitments (Note 13)		
Contingent Liabilities (Note 14)		

On behalf of the Board



Chair



Director

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.
Statement of Income and Retained Earnings

(in \$000s)

Years ended March 31	2005	2004
Income		
Rent	466	820
Property tax recoveries	29	49
	495	869
Expenses		
Property tax	12	84
Amortization	92	67
	104	151
Net income for the year	391	718
Retained earnings - beginning of year	771	53
Retained earnings - end of year	1,162	771

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.

Statement of Cash Flows

(in \$000s)

Years ended March 31	2005	2004
Operations:		
Net income	391	718
Non-cash items		
Amortization of capital assets	92	67
Deferred revenue	(4)	-
<i>Cash provided by (used in) operating activities</i>	479	785
Investments:		
Capital asset additions	(49,791)	(23,012)
Interest earned	1,813	776
Long term investment	(19,869)	-
Accounts receivable	(1,615)	(378)
Prepays	1	(11)
Accounts payable	(1,610)	10,825
Due to Shareholder	-	(31,975)
<i>Cash provided by (used in) investing activities</i>	(71,071)	(22,236)
Financing:		
Due from Government of Canada	(12,786)	(11,848)
Contributions - City of Vancouver	3,670	-
Contributions - Government of Canada (INFC)	35,189	11,848
Contributions - Government of Canada (WED)	954	-
Contributions - Province of British Columbia	65,148	67,000
Contributions - Tourism Vancouver	9,300	-
<i>Cash provided by (used in) financing activities</i>	101,475	45,461
Net increase in cash and cash equivalents	30,883	24,010
Cash and cash equivalents - beginning of year	24,039	29
Cash and cash equivalents - end of year	54,922	24,039
Cash and cash equivalents		
Cash	8,678	1,040
Short term investments	46,244	22,999
Total cash and cash equivalents	54,922	24,039

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

1) Nature of Business

The Vancouver Convention Centre Expansion Project Ltd. (the "Company") was incorporated under the laws of British Columbia on February 13, 2003. A board of directors, all appointed by the Company's sole shareholder, the Province of British Columbia, governs the Company.

The Company's purpose is to design, build, commission and own an expansion of the convention centre in downtown Vancouver. Upon commissioning, the Company will enter into an operating agreement with BC Pavilion Corporation for the operation of the expanded facility.

The Company is exempt from federal and provincial income taxes.

2) Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction, as well as property taxes and the applicable portion of interest. At the point in time when the facilities are substantially completed, these costs will be transferred to capital assets. They will be subsequently amortized over their estimated useful lives.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

c) Environmental costs

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

2) Significant Accounting Policies (continued)

d) Investments

Short term investments consist of low duration, fixed income securities such as treasury bills. Long term investments consist of Government of Canada, corporate and provincial bond issues.

Short term and long term investments are recorded at the lower of cost or market, and any accrued interest is recorded as an account receivable (Note 4 and 5).

e) Capital asset amortization

Capital assets are stated at cost and amortization is being calculated on the straight-line basis using the following rates:

Asset	Rate
Furniture and equipment	33%
Computer hardware	33%
Computer software	33%

f) Foreign currency translation

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date.

Any foreign currency denominated monetary liabilities are restated using the prevailing rate of exchange at the balance sheet date.

g) Related party transactions

The Company is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

3) Cash

Cash otherwise reserved represents funds received from the City of Vancouver for construction of the earth retaining structure (Western Shell).

	March 31 2005	March 31 2004
Cash	5,008	1,040
Cash otherwise reserved	3,670	-
	8,678	1,040

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

4) Funding

The cost of construction of the expansion to the Vancouver Convention Centre is to be shared by the Government of Canada (\$202.5 million), the Province of British Columbia (\$202.5 million) and Tourism Vancouver (\$90 million). Tourism Vancouver's funding is being financed by way of contributions advanced on its behalf from the Province of British Columbia. \$30 million of further funds will be secured from commercial opportunities arising from the expansion.

The Government of Canada will fund \$20 million towards the construction of a connection between the new convention centre facility and Canada Place, and the Province of British Columbia will fund \$20 million of upgrades to the existing facility.

In addition, the Province of British Columbia has committed and agrees to provide a further \$7.5 million towards the expansion project provided the Government of Canada contributes a like amount. In March 2005, the Company entered into a separate \$2.1 million funding agreement with Western Economic Diversification Canada (WED) for incremental sustainable initiatives to be added to the expansion project. WED has entered into a Western Economic Partnership Agreement with the Province whereby the Province will contribute matching funds of \$2.1 million in fiscal 2006/07 from its commitment of \$7.5 million.

5) Investments

	March 31 2005	March 31 2004
Short term:		
Cash	3	4
Canadian treasury bills with maturities of twelve months or less and interest rates of 2.33% to 2.86% (1.69% to 2.39% in 2004)	46,241	22,995
Total cost	46,244	22,999
Market value	46,562	23,126
Long term:		
Government of Canada, provincial and corporate bonds maturing between June 2006 and September 2008 with interest rates of 3.0% to 4.5%	15,704	-
Strip coupons maturing December 2007 with interest rates of up to 4.13%	4,165	-
Total cost	19,869	-
Market value	20,120	-

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

6) Accounts Receivable

	March 31 2005	March 31 2004
Trade	39	50
Interest	435	131
GST	1,575	189
Due from Partnerships BC	-	57
Due from Rapid Transit Project 2000 Ltd.	7	14
	2,056	441

7) Due from Government of Canada

(a) Project funding

The funding agreement between Infrastructure Canada and the Company specifies that the Company may submit claims for reimbursement of paid eligible costs to a maximum of \$222.5 million. At March 31, 2005, the Company has recovered \$23.4 million of the \$41.7 million in total claims submitted for recovery of paid eligible costs.

	March 31 2005	March 31 2004
Total claims submitted	41,663	10,276
Payments received from Government of Canada	23,357	-
Total claims receivable	18,306	10,276
Accrued (unpaid) eligible costs at March 31	5,373	1,572
Total receivable	23,679	11,848

(b) Incremental funding

The funding agreement between WED and the Company specifies that the Company may submit claims for reimbursement of paid eligible costs to a maximum of \$2.1 million. At March 31, 2005, the Company has submitted claims for \$0.95 million of eligible costs.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

8) Capital Assets

			March 31 2005	March 31 2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	38,646	-	38,646	38,646
Furniture and equipment	55	22	33	24
Computer hardware/software	235	137	98	176
Construction-in-progress	64,754	-	64,754	16,799
	103,690	159	103,531	55,645

Land consists of \$28 million for the purchase of the Convention Centre lands from FHR Properties in March 2003, and \$10.6 million for the purchase of Lot D from the City of Vancouver.

The Company has entered into an agreement with FHR Properties whereby FHR Properties has granted the Company an Option to Purchase Water Lot 22 for the sum of \$1. Lot 22 is adjacent to the Convention Centre lands currently owned by the Company. The Company may exercise this Option up to its expiry date of March 31, 2007.

Construction-in-progress includes \$3.1 million of steel pipe which was transferred to the Company by the Province, upon windup of the Vancouver Trade and Convention Centre Authority. The pipe is also reflected in contributed surplus (Note 11).

9) Accounts Payable

	March 31 2005	March 31 2004
Trade	9,318	12,150
Lien holdbacks	1,328	64
Due to Minister of Finance	50	36
Due to Rapid Transit Project 2000 Ltd.	53	109
	10,749	12,359

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

10) Deferred Contribution – City of Vancouver

The Company entered into an agreement with the City of Vancouver, whereby the City has funded \$4.1 million for construction of an earth retaining structure below the future plaza (referred to as the Western Shell), which the Company will project manage as part of the expansion project.

	March 31 2005	March 31 2004
Total funding received	4,076	-
Western Shell costs at March 31, 2005	406	-
Net deferred contribution	3,670	-

11) Share Capital

The Company has authorized capital of 100,000 common shares without par value of which 100 shares are issued and outstanding. The Minister of Small Business and Economic Development holds the shares issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.

12) Contributed Surplus

The Company received contributions as follows:

	March 31 2005	March 31 2004
Government of Canada (INFC)	47,037	11,848
Government of Canada (WED)	954	-
Province of British Columbia	129,000	67,000
Province of British Columbia (VTCCA pipe)	3,148	-
Tourism Vancouver	9,300	-
	189,439	78,848

13) Commitments

(a) Construction-in-progress

As at March 31, 2005, the Company is committed to future expenditures of approximately \$89.9 million (\$15.6 million at March 31, 2004) for contracts currently entered into with respect to the Project.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2005

(tabular amounts in \$000s)

13) Commitments (continued)

(b) Operating Lease

The Company is committed to payments under operating leases as follows:

	March 31 2005	March 31 2004
Year ending March 31, 2006	260	249
2007	260	249
2008	260	249
2009	130	124

14) Contingent Liability

Financial Security

The Company has issued Letters of Credit to the following:

	Value	Expiry Date
<u>City of Vancouver:</u>		
Thurlow Street Viaduct warranty costs	\$211,940	October 20, 2005
Storm Sewer on Waterfront Road	\$285,000	May 28, 2005
<u>Department of Fisheries and Oceans Canada:</u>		
Habitat compensation and monitoring	\$100,000	September 3, 2005

15) Financial Instruments

The Company's financial instruments consist of cash, short term investments, accounts receivable, long term investments, accounts payable and deferred revenue. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

16) Comparative Figures

Certain 2004 figures have been reclassified to conform with the current period presentation.

